

SELCO TRADE CENTRE

TIMPSON ROAD, WYTHENSHAW, MANCHESTER, M23 9NT



WHY | WHITMARSH
HOLT YOUNG

TRADE COUNTER INVESTMENT OPPORTUNITY

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TRADE COUNTER INVESTMENT OPPORTUNITY

The property is a modern detached unit comprising approximately 36,328 sq ft



INVESTMENT SUMMARY

- Well located trade counter investment.
- Highly prominent adjacent to a Tesco Superstore.
- Modern unit comprising approximately 36,328 sq ft.
- Strong covenant.
- Let to Selco Trade Centres with a guarantee from Grafton Group UK Plc.
- 200 year long-leasehold interest from 14th November 2000.
- Rent of £228,690 equates to a modest £6.30 sq ft.
- ERV in the order of £245,025 per annum equating to £6.75 per sq ft.
- Unexpired term of 7 years 10 months.
- Seeking offers of **£3,200,000 (Three Million Two Hundred Thousand Pounds)**.
- Net initial yield of 6.2% and a reversionary yield of 6.6% allowing for acquisition costs.

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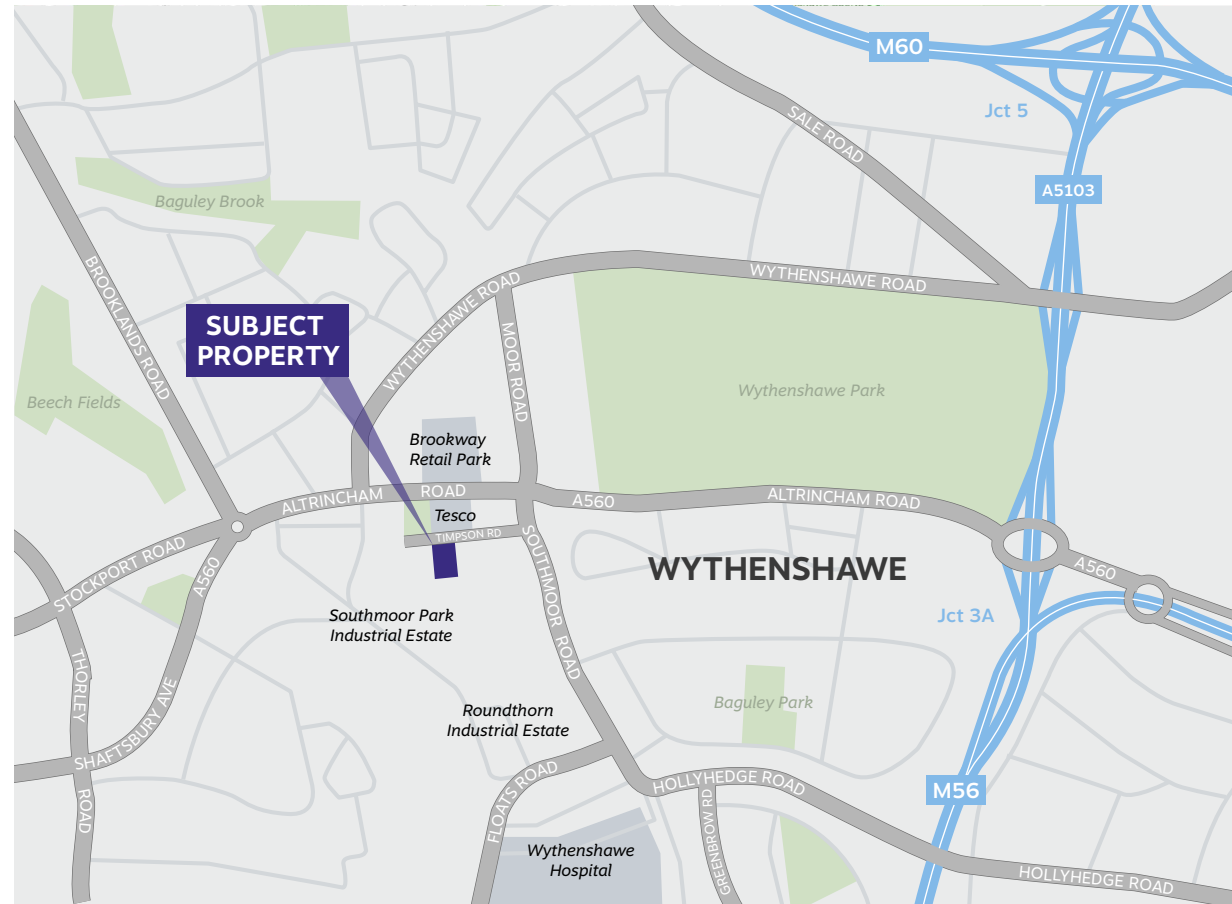
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LOCATION

Roundthorn Industrial Estate is situated on the southern fringes of Greater Manchester, approximately 7 miles from Manchester city centre and 2 miles to the east of Altrincham, Manchester Airport is 3 miles to the south. The estate is accessed from the A560, Altrincham Road, which links the estate to the M56 and M60 motorways.

The Estate is bound to the east by Southmoor Road which provides the principle access to the estate and its junction with Altrincham Road where there is a focus of various mixed uses including offices, a Tesco superstore and petrol filling station and Brookway Retail Park.

In terms of location it is one of the best located and most established estates to the south side of Manchester.



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DESCRIPTION

The property comprises a detached unit refurbished in 2006 incorporating reconfiguration and a new build extension.

The units are of steel portal framed construction, with insulated profile steel cladding beneath a pitched roof.

The new build section (A) to the building has an eaves height of 8m; the refurbished section (B) is 4.9m.

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ACCOMMODATION

We are advised that the gross internal floor areas are as follows:

Floor	Sq M	Sq Ft
Ground A	1,029.98	11,087
Ground B	2,344.94	25,241
TOTAL	3,374.92	36,328

The lease specifies that for the purpose of rent review the area is to be assumed as 36,300 sq ft. The site extends to approximately 0.9076 hectares (2.24 acres). This equates to site coverage of 37%.

The property benefits from 50 car parking spaces.



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TENURE

The property is held long leasehold for 200 years from 14th November 2000 at a rent of 7.5% of the open market rental value reviewed on a 5 yearly basis. The current rent equates to £17,151.75 per annum.



TENANCY

The property is let to Selco Trade Centres Ltd for a term of 20 years from 21 September 2006 at a gross rent of £228,690 per annum (equating to £6.30 per sq ft) and subject to 5 yearly upward only rent reviews. The net rent is therefore £211,538 per annum.

The lease is guaranteed by Grafton Group UK plc.

As a trade counter unit we believe the gross ERV is in the order of £245,025 per annum reflecting £6.75 per sq ft. This would provide a net ERV of £224,648 per annum.

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MARKET COMMENTARY

The south Manchester industrial and distribution market has performed strongly over recent years, driven by its excellent transport connectivity, skilled workforce and proximity to nearby wealthy south Manchester commuter towns. There is strong demand from occupiers combined with a shortage of supply in the south Manchester market and this has resulted in a low void rate across the area, which in turn is driving increases in rental levels. The proximity of this location to Manchester Airport which is seeing major investment further strengthens the location.

With a limited amount of development under construction as industrial land has been developed for alternative uses, rents are forecast to rise further.

At Southmoor Park Industrial Estate rents of £6 per sq ft are being achieved and at Airport City £7- £7.50 per sq ft.

The investment market remains strong for the sector due to the compelling occupational story and a lack of quality on the market.

Stag Industrial Estate in Altrincham favoured by Trade Counter occupiers was sold in Q4 -2017 for £7.5m reflecting a yield of 5.89% and a Capital Value of £92.70 per sq ft.



The south Manchester industrial and distribution market has performed strongly over recent years

COVENANT

SELCO TRADE CENTRES LTD

Selco Builders Warehouse is the retail style merchandising model for building materials trade and business customers. Reported revenue growth of 15 per cent for the year 2017 came principally from the opening of new branches.

There was a significant increase in market coverage with the opening of five branches in the first half and seven in the second half of the year. The business traded from 59 branches at the year end.

The latest Accounts available are to year end 31st December 2017

£m	2017	2016	2015
Turnover	£460,096	£399,628	£354,542
Pre Tax Profit	£43,514	£46,540	£46,307
Net Assets	£96,320	£61,232	£43,857



GRAFTON GROUP PLC

Grafton Group plc is an international distributor of building materials to trade customers who are primarily engaged in residential repair, maintenance and improvement projects and house building. The Group has leading regional or national market positions in the merchandising markets in the UK, Ireland, the Netherlands and Belgium. Grafton is also the market leader in the DIY retailing market in Ireland and is the largest manufacturer of dry mortar in Britain. Grafton trades from 649 branches and has in the region of 13,000 employees. It has been a publicly quoted company since 1965 and its shares are quoted on the London Stock Exchange where it is a constituent of the FTSE 250 Index and the FTSE All-Share Index. The Group reported revenue of £2.7 billion and adjusted profit before tax of £157.2 million for 2017.

The UK Merchandising segment trades from 479 branches, principally under the Selco, Buildbase and Plumbase brands in the South East, Midlands and North of England, and under the MacBlair brand in Northern Ireland.

The latest Accounts available are to year end 31st December 2017

£m	2017	2016
Revenue	£2,716	£2,496
Profit Before Tax	£157.2	£136.2
Net Assets	£1,247,445	£1,249,238

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VAT

It is anticipated that the sale will be structured as the Transfer of a Going Concern.

EPC

A copy of the EPC report is available on request.

PROPOSAL

We are seeking offers of **£3,200,000 (Three Million Two Hundred Thousand Pounds)** for our client's interest. A purchase at this level reflects an initial yield of 6.2% a reversionary yield of 6.6% and an equivalent yield of 6.5% allowing for acquisition costs of 6.48%.

This price reflects a capital value of £88.88 per sq ft.



FURTHER INFORMATION

For further information or to arrange an inspection please contact:

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